

**REMARKS**

The amendments and remarks presented herein are believed to be fully responsive to the Office Action.

Claims 1-8, 10, 12, 14-16 and 21-22 are pending in the present application. Claim 1, 6, 10, 21 and 22 have been amended and claim 14 has been canceled. No new matter has been added. No amendment has been made to overcome 102 rejections. The independent claims recited by the present application are claims 1, 10, 14, 20 and 21.

**CLAIM REJECTIONS:**

**A. Claim Rejections under 35 U.S.C. § 112**

(1) To satisfy the written description requirement, a patent specification must describe the claimed invention in sufficient detail that one skilled in the art can reasonably conclude that the inventor had possession of the claimed invention. See, e.g., Moba, B.V. v. Diamond Automation, Inc., 325 F.3d 1306, 1319, 66 USPQ2d 1429, 1438 (Fed. Cir. 2003).

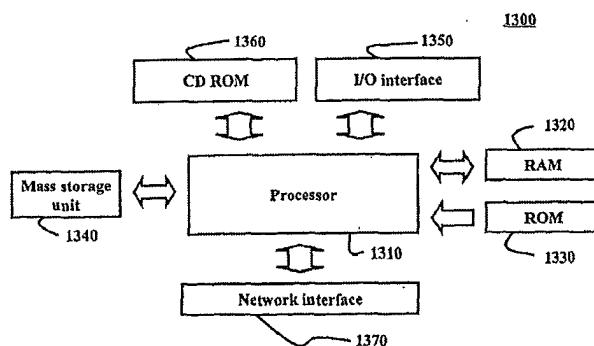
(2) Claims 1 and 10 are rejected under 35 U.S.C. §112, first paragraph, as failing to comply with the written description. Particularly, Examiner states that the term "server" was not part of the original disclosure. Applicant respectfully traverses because it is so inherent that any person skilled in the art can reasonably conclude that the inventor had possession of the claimed invention. As Examiner knows, the limitation of "a server which includes a processor and a memory" was added to overcome 101 rejections for non-statutory subject matter, not to change the scope of claims. After Federal Circuit's decisions in In re Bilski, 545 F.3d 943 (Fed. Cir. 2008), the patentable subject matter issues have been unclear. The Supreme Court, acknowledging such problems, has recently decided to review the Bilski case. Applicant, following the Examiner's suggestions at the interview, added such limitations of "a server which includes a processor and a memory" only to meet the statutory subject matter. Now, Examiner asserts that the term "server" is not included in the original specification. However, the fact that the server implements the step of determining a first winning bid is inherent. Nonetheless, Applicant respectfully amends claims 1 and 10 by deleting the term "server" as shown in the

above Amendment. The original specification supports the term "processor", for example, at para. [0107] and [0108] and Fig. 13 as follows:

[0107] FIG. 13 is a block diagram showing the inner configuration of a general-purpose computer system that can be employed in performing the method for controlling a keyword advertisement according to the present invention.

[0108] The computer system 1300 comprises one or more processors 1310 connected to a main storage unit having a RAM 1320 and a ROM 1330. The processor 1310 is also called "central processing unit (CPU)". As well known in the art, the ROM 1330 serves to unidirectionally transmit data and instructions to the CPU. The RAM 1320 is generally used to bidirectionally transmit data and instructions. The RAM 1320 and the ROM 1330 can include any proper type of computer-readable medium. A mass storage unit 1340 is connected bidirectionally to the processor 1310 and provides additional data storage capability. The mass storage unit 1340 can be any one of the aforementioned computer-readable recording media. The mass storage unit 1340 is used to store programs, data and the like and is an auxiliary storage unit, such as a hard disk, which generally has a speed slower than that of the main storage unit. A specific mass storage unit such as a CD-ROM 1360 can be used. The processor 1310 is connected to one or more I/O interfaces 1350, such as a video monitor, a trackball, a mouse, a keyboard, a microphone, a touch screen type display, a card reader, a magnetic or paper tape reader, an audio or handwriting recognizer, a joystick, or other known computer I/O devices. Finally, the processor 1310 can be connected to a wired or wireless communication network through a network interface 1370, and can perform the processes of the aforementioned method through such network connection. The aforementioned devices and equipment are well known to those skilled in the field of computer hardware and software.

Fig. 13



Further, the amended claims 1 and 10 meet statutory subject matter requirements because the method is tied to a hardware component (i.e. processor). If Examiner believes that either Section 101 statutory subject matter issue or Section 112 written description issue is not resolved by the current amendments, Applicant would be ready for resolving this issue on the phone before Examiner issues another Office Action.

(3) Claim 7 is rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Particularly, Examiner asserts that the limitation "the predetermined transfer condition" has insufficient antecedent basis. Applicant respectfully traverses. According to the MPEP §2173.01, a "fundamental principle contained in 35 U.S.C. 112, second paragraph is that applicants are their own lexicographers. They can define in the claims what they regard as their invention essentially in whatever terms they choose so long as any special meaning assigned to a term is clearly set forth in the specification. ... Applicant may use functional language, alternative expressions, negative limitations, or any style of expression or format of claim which makes clear the boundaries of the subject matter for which protection is sought. As noted by the court in *In re Swinehart*, 439 F.2d 210, 160 USPQ 226 (CCPA 1971), a claim may not be rejected solely because of the type of language used to define the subject matter for which patent protection is sought." Nonetheless, Applicant deletes the phrase "the predetermined transfer condition" from claim 7. Thus, the rejections thereof are moot.

(4) Claim 14 is rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Since claim 14 has been cancelled, the rejections thereof are moot.

(5) Claims 21 and 22 are rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Applicant respectfully amends claims 21 and 22 to replace the term "storage" with the terms "computer readable." The Specification has been made to exclude "The medium can be a transmission medium, such as an optical or metal line or a waveguide, which transmits carrier waves including signals for specifying instructions of a program, a data structure and the like." from the scope of claims 21 and 22, without prejudice.

## **B. Claim Rejections under 35 U.S.C. § 102**

The Office Action states that claims 1, 3-8, 10, 12, 14-16 and 21-22 are rejected under 35 U.S.C. § 102(b) as being anticipated by Davis et al., U.S. Patent No. 6,269,361 (hereinafter "Davis"). Applicant respectfully traverses these rejections.

### **THE RELEVANT LAW**

(1) The standard for anticipation, or lack of novelty under 35 U.S.C. §102, is one of strict identity to anticipate a claim for a patent and therefore render it invalid, a single prior source must contain all its essential elements. See, e.g., Hybritech Inc. v. Monoclonal Antibodies, Inc., 802 F.2d 1367 (Fed. Cir. 1986). It is well settled law that anticipation is established **only if all the elements of an invention**, as stated in a patent claim, **are identically set forth in a single prior art reference**. See e.g. Trintec Industries, Inc. v. Top-U.S.A. Corp., 295 F.3d 1292 (Fed. Cir. 2002).

(2) Examiner previously rejected claims under 102(e) as being anticipated by McElfresh '566. After Applicant's previous amendments to clarify the claimed invention, Examiner now rejects same claims under 102(b) as being anticipated by Davis.

#### **The Cited David Reference**

(3) Davis discloses the "**bid for placement**" model of the keyword advertising. Davis discloses a keyword advertising system and method which identifies search listings having search terms generating a match with the search request and orders the identified search listings into a search result list according to the respective bid amounts for the identified search listings. In reference to Davis, pg. 8, lines 8 - 24 and pg. 9, lines 6-20, the higher bidder's advertisement is displayed on an advantageous position which might generate more clicks. Davis discloses that the search result list is arranged in order of decreasing bid amount, with the search listing corresponding to the highest bids displayed first to the searcher. However, Davis does not disclose the claimed "automatic re-bidding process."

#### **Claims 1 and 21**

(4) The claimed invention is directed to a method of **automatic re-bidding process for a specific advertisement position on a web page** associated with a search keyword based on previously entered biddings for the advertising position. A web page defines a plurality of advertising areas (plurality of unit display zones) in association with a search keyword. The present method receives multiple bids for an advertising area (a first unit display zone) from

multiple advertisers in association with a search keyword and stores bid data containing such bids.

(5) Technically, the automatic re-bidding process of the present invention is a method of determining another winning bid based on previously entered bids when an existing advertisement is to be terminated. The claimed invention expedites the re-bidding process relying solely on the previously entered bids for the same advertising spot. Claim 1 recites: "storing said bid data including the first winning bid in a memory; determining whether a first advertiser's right to display an advertisement on said first unit display zone is to be terminated, the first advertiser submitting the first winning bid; upon determining that the first advertiser's right to display an advertisement on said first unit display zone is to be terminated, retrieving at least a portion of said stored bid data from the memory; and determining a second winning bid without soliciting new bids, based at least in part on a bid price, among said retrieved bid data for placement of an advertisement on said first unit display zone in association with search result list generated in response to a search query associated with said predetermined keyword, said retrieved bid data including previously entered bids for said first unit display zone."

(6) The automatic re-bidding process is initiated upon determining that a predetermined transfer condition for right to display the first winning bidder's advertisement on the first unit display zone is satisfied. The predetermined transfer condition means predetermined conditions for transferring right to display the advertisement on the first unit display zone. Upon determining that the first advertiser's right to display an advertisement on the first unit display zone is to be terminated, the claimed method retrieves the stored bid data from the memory. Examiner notes that "claim scope is not limited by claim language that suggests or makes optional but does not require steps to be performed, ... (MPEP §2111.04). Accordingly no patentable weight was given to the following claim language following "upon determining..." because this determination is not required and the broadest reasonable interpretation of the claim is that the determination does not occur; see at least column 20, lines 14-31, after bid is deleted and ad is no longer presented, the bid data is retained."

(7) Applicant respectfully traverses Examiner's interpretation of the law for several reasons. First, the claim language "upon determining" or "upon termination" does not suggest or make the claim limitation optional. Such claim language is a condition for the claimed step of

"retrieving the stored bid data from the memory." Second, the MPEP §2111.04 only lists the following three clauses that could fall within this rule: (1) "adapted to" or "adapted for" clauses; (2) "wherein" clauses; and (3) "whereby" clauses. The claim languages "upon determining" or "upon termination" are not listed in the MPEP. No case law or the MPEP supports the Examiner's interpretation of the MPEP §2111.04.

(8) Furthermore, the Federal Circuit held that "when the 'whereby' clause states a condition that is material to patentability, it cannot be ignored in order to change the substance of the invention." Hoffer v. Microsoft Corp., 405 F.3d 1326, 1329 (Fed. Cir. 2005); See also MPEP §2111.04. The claimed limitations of "upon determining that the first advertiser's right to display an advertisement on said first unit display zone is to be terminated, retrieving at least a portion of said stored bid data from the memory"; and "upon termination of the first advertiser's right to display an advertisement on said first unit display zone, performing a re-bid process for a second unit display zone wherein a winning bid for the second unit display zone is determined based at least in part on a bid price among previously stored bids for the second unit display zone including the first advertiser's bid if the first advertiser's bid was made for the second unit display zone as well as the first unit display zone" are material to patentability because both limitations disclose the automatic re-bidding process (retrieving stored bid data and performing a re-bid process). Therefore, patentable weight should be given to these claim limitations.

(4) The claimed invention determines a second winning bid, based at least in part on a bid price, among the stored bids (i.e. previously entered) for placement of an advertisement on the first unit display zone and displays an advertisement of the second winning bidder on the first unit display zone. Further, once the first advertiser's right to display an advertisement on the first unit display zone is terminated, a re-bid process for a second unit display zone could be initiated if the first advertiser's bid was made for the second unit display zone as well as the first unit display zone. In this case, a winning bid for the second unit display zone is determined based at least in part on a bid price among previously stored bids for the second unit display zone including the first advertiser's bid.

(9) Examiner states that the highest bid inherently disappears, then the next highest bid becomes the current highest bid. Examiner asserts that the claimed limitations are inherently disclosed in Davis.

An anticipatory inherent feature or result must be **consistent, necessary, and inevitable, not merely possible or probable**. Transclean Corp. v. Bridge Wood Servs., Inc., 290 F.3d 1364, 1373 (Fed. Cir. 2002) (“anticipation by inherent disclosure is appropriate only when the reference discloses prior art that must *necessarily* include the unstated limitation....”); Eli Lilly & Co. v. Barr Labs., Inc., 251 F.3d 955, 970 (Fed. Cir. 2001), cert. denied, 122 S. Ct. 913 (2002) (“A reference includes an inherent characteristic if that characteristic is the *natural result* flowing from the reference’s explicitly explicated limitations.”). “The mere fact that a certain thing *may result* from a given set of circumstances is insufficient to prove anticipation.” (*Emphasis added*), Electro Med. Sys., S.A. v. Cooper Life Sci., Inc., 34 F.3d 1052 (Fed. Cir. 1994).

The conventional art solicits new bids for a second winning bid when a first winning bidder's right to display its advertising. It is not necessary and inevitable features of the conventional keyword advertising bidding process that automatic re-bidding process is proceeded based on stored bid data including previously entered bid for the first bidding process without soliciting new bids. The mere fact that a certain thing *may result* from a given set of circumstances is insufficient to prove anticipation.

(10) Patentable weights should be given to the claim languages "upon determining...." Further, Davis does not inherently disclose the claimed limitations "determining a second winning bid without soliciting new bids, based at least in part on a bid price, among said retrieved bid data for placement of an advertisement on said first unit display zone in association with search result list generated in response to a search query associated with said predetermined keyword, said retrieved bid data including previously entered bids for said first unit display zone." As such, all the elements of claims 1 and 21 are not identically set forth in Davis. Therefore, claims 1 and 21 are now in condition for allowance.

### Claim 3

(11) Examiner rejects claim 3 which depends from claim 1 as being anticipated by Davis. Thus, the above remarks are equally applicable for the dependent claim 3. Further, Examiner also asserts that "no patentable weight was given to claim 3 because the broadest reasonable interpretation of the claim is that *if* condition is not satisfied; see at least column 18, lines 23-26,

winning bids, i.e. bids with the same bid amount for the same keyword, are awarded preferred placement based on which bid was received first, i.e. a priority condition.

Again, the claim language "if" does not suggest or make the claim limitation optional. Such claim language is a condition for the claimed step. Further, the claimed limitations "one unit display zone is assigned to said second advertiser in accordance with at least one predetermined display priority condition" are material to patentability. Therefore, patentable weight should be given to these claim limitations. As such, claim 3 is clearly allowable over the cited prior art.

Claims 4-6, 8 and 15

(12) Examiner rejects claims 4-6, 8 and 15 which depend from claim 1 as being anticipated by Davis. Thus, the above remarks are equally applicable for the dependent claims 4-6, 8 and 15. As such, claims 4-6, 8 and 15 are clearly allowable over the cited prior art.

Claim 7

(13) Examiner rejects claim 7 which depends from claim 1 as being anticipated by Davis. Thus, the above remarks are equally applicable for the dependent claim 7. Further, Examiner also asserts that the claimed limitations are inherently disclosed by Davis. The conventional art solicits new bids for a second winning bid when a first winning bidder's right to display its advertising. The claimed steps of determining a second winning bid (i.e. ordering the stored bid data; re-ordering the stored bid data if new bid data has been submitted; and determining a second winning bid in accordance with the order of said bid data) are not necessary and inevitable features of the conventional keyword advertising bidding process. The mere fact that a certain thing *may result* from a given set of circumstances is insufficient to prove anticipation. As such, claim 7 is clearly allowable over the cited prior art.

Claims 10 and 22

(14) The claimed invention is directed to a method of automatic re-bidding process for a specific advertisement position on a web page associated with a search keyword based on previously entered biddings for the advertising position. A web page defines a plurality of

advertising areas (plurality of unit display zones) in association with a search keyword. The present method receives multiple bids for an advertising area (a first unit display zone) from multiple advertisers in association with a search keyword and stores bid data containing such bids.

(15) The automatic re-bidding process is initiated upon determining that a predetermined transfer condition for right to display the first winning bidder's advertisement on the first unit display zone is satisfied. The predetermined transfer condition means predetermined conditions for transferring right to display the advertisement on the first unit display zone. Upon determining that the first advertiser's right to display an advertisement on the first unit display zone is to be terminated, the claimed method selects, based on review of bid price, a second winning bid for the particular placement position of advertisement. Examiner asserts that no patentable weight was given to the above claim language following "upon determining..." because this determination is not required and the broadest reasonable interpretation of the claim is that the determination does not occur; see at least column 20, lines 14-31, after bid is deleted and ad is no longer presented, the bid data is retained." As discussed above, patentable weight should be given to these claim limitations.

(16) The claimed invention transfers the right to display an advertisement on said particular placement position in association with said predetermined keyword from said first advertiser to a second advertiser who has submitted said second winning bid. Examiner asserts that Davis inherently disclose such limitations. It is not necessary and inevitable features of the conventional keyword advertising bidding process that automatic re-bidding process is proceeded based on stored bid data including previously entered bid for the first bidding process without soliciting new bids. The mere fact that a certain thing *may result* from a given set of circumstances is insufficient to prove anticipation. As such, all the elements of claims 10 and 22 are not identically set forth in Davis. Therefore, claims 10 and 22 are now in condition for allowance.

#### Claims 12 and 16

(17) Examiner rejects claims 12 and 16 which depend from claim 10 as being anticipated by Davis. Thus, the above remarks are equally applicable for the dependent claims 12 and 16.

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Serial No.: 10/599,923  
Amendment C

Further, Examiner also asserts that "no patentable weight was given to claim 3 because the broadest reasonable interpretation of the claim is that *if* condition is not satisfied; see at least column 18, lines 23-26, winning bids, i.e. bids with the same bid amount for the same keyword, are awarded preferred placement based on which bid was received first, i.e. a priority condition.

Again, the claim language "*if*" does not suggest or make the claim limitation optional. Such claim language is a condition for the claimed step. Further, the claimed limitations "one unit display zone is assigned to said second advertiser in accordance with at least one predetermined display priority condition" are material to patentability. Therefore, patentable weight should be given to these claim limitations. As such, claim 12 and 16 are clearly allowable over the cited prior art.

If any issue regarding the allowability of any of the pending claims in the present application could be readily resolved, or if other action could be taken to further advance this application such as an Examiner's amendment, or if the Examiner should have any questions regarding the present amendment, it is respectfully requested that the Examiner please telephone Applicant's undersigned attorney in this regard.

Respectfully submitted,

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Changhoon Lee  
Reg. No. L0316  
Husch Blackwell Sanders LLP  
720 Olive Street, Suite 2400  
St. Louis, MO 63101  
314-345-6000  
ATTORNEYS FOR APPLICANT